

IN THE DISTRICT COURT OF THE VIRGIN ISLANDS  
DIVISION OF ST. THOMAS AND ST. JOHN

V.I. DERIVATIVES, LLC, by VIFX,  
LLC, its TAX MATTERS PARTNER,  
by RICHARD VENTO, its TAX  
MATTERS PARTNER,

Petitioner,

v.

UNITED STATES OF AMERICA,

Respondent,

Civil No. 06-cv-0012-JRS-RM

VIFX, LLC, by RICHARD VENTO,  
its TAX MATTERS PARTNER,

Petitioner,

v.

UNITED STATES OF AMERICA,

Respondent,

Civil No. 06-cv-0013-JRS-RM

[PROPOSED] FINAL ORDER

This matter is before the Court on the motion of Respondent United States of America for partial summary judgment on the merits of the Market Linked Deposit (MLD) Transaction, and the petitioners' response to the motion in which they have conceded that there is no dispute of material fact as to the merits of the MLD transaction, and that the respondent is entitled to judgment as a matter of law as to the merits of the MLD transaction. The matter is also before the Court on the representation of counsel for the United States that, for purposes of this lawsuit,

2011 FEB 13 PM 8:23

V.I. Derivatives, LLC v. United States  
[Proposed Final Order]  
Page 2

it has decided to concede the penalties determined by the Internal Revenue Service in the Notices of Final Partnership Administrative Adjustments (FPAAs) issued to V.I. Derivatives, LLC and VIFX, LLC.

Upon consideration of the record in these consolidated cases, the motion for partial summary judgment, the response, and the concession of penalties by the United States, it is hereby determined that:

1. There is no dispute of material fact, and the United States is entitled to judgment as a matter of law on the merits of the MLD transactions; and
2. The United States is no longer pursuing in these cases the penalties determined in ¶ 10 of the FPAA issued to V.I. Derivatives, LLC, and ¶ 12 of the FPAA issued to VIFX, LLC.

ACCORDINGLY, IT IS HEREBY ORDERED AND ADJUDGED:

Except as to the penalties determined in ¶ 10 of the FPAA issued to V.I. Derivatives, LLC, and ¶ 12 of the FPAA issued to VIFX, LLC, the determinations made in the FPAAs issued to V.I. Derivatives, LLC and VIFX, LLC are sustained in full.

THIS SHALL CONSTITUTE A FINAL ORDER.

BY THE COURT


  
JUAN R. SANCHEZ, J.

2011 DEC 13 PM 8:05

V.I. Derivatives, LLC v. United States  
[Proposed Final Order]  
Page 3

**ATTEST:**  
**WILFRED J. MORALES**  
**CLERK OF COURT**

By:

  
Deputy Clerk

cc: Stuart D. Gibson, Esquire  
Dara B. Oliphant, Esquire  
Marjorie R. Roberts, Esquire

Joycelyn Hewlett, Esquire  
Joseph M. Erwin, Esquire  
Edward Robbins, Esquire

THIS SHALL CONSTITUTE A FINAL ORDER.

BY THE COURT

  
JUAN R. SANCHEZ, J.

2011 DEC 13 PM 8:25